

Message Text

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ACTION EUR-12

INFO OCT-01 AF-06 ISO-00 CIAE-00 PM-03 H-02 INR-07 L-02

NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15 USIA-06

OPIC-03 SAM-01 AGR-05 EB-07 COME-00 TRSE-00 STR-04

CIEP-01 OMB-01 SAJ-01 /086 W

----- 037307

R 161148Z APR 75

FM AMEMBASSY LISBON

TO SECSTATE WASHDC 2505

INFO USMISSION EC BRUSSELS

AMCONSUL LOURENCO MARQUES

AMEMBASSY MOSCOW

AMEMBASSY PARIS

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DEPT PASS AGRICULTURE

E.O. 11652: N/A

TAGS: EEW, EPAP, PO, UR

SUBJ: PORTUGUESE-SOVIET TRADE

SUMMARY: PRESS CONFERENCE HELD TO DISPEL DOUBTS AND GIVE ACCOUNTING OF PORTUGUESE-SOVIET COMMERCE LED TO CONFLICTING ACCOUNTS OF AGREEMENTS FOR PORTUGUESE EXPORTS OF WINE, SHOES, AND TOMATO PASTE, PLUS PROSPECTIVE EXPORTS OF NUMBER OF OTHER PRODUCTS. END SUMMARY.

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1. PORTUGUESE GOVERNMENT AGENCIES HELD JOINT PRESS CONFERENCE

APRIL 14 EXPLICITLY TO GIVE ACCOUNTING TO PORTUGUESE PEOPLE OF STATE OF PORTUGUESE-SOVIET COMMERCIAL RELATIONS, AND TO DISPEL DOUBTS CREATED BY "CERTAIN REACTIONARY PRESS." REPRESENTATIVES FROM NATIONAL FRUIT AND WINE BOARDS WERE JOINED BY DIRECTOR OF PORTUGUESE COMMERCIAL OFFICE IN MOSCOW (LISBON 1738)) AND AIDE TO MINISTER WITHOUT PORTFOLIO (AND PORTUGUESE COMMUNIST PARTY LEADER) ALVARO CUNHAL.

2. CUNHAL'S AIDE, MENDES CORREIA, FIRST CITED HISTORY OF EXCHANGES OF VISITS OVER PAST SIX MONTHS SINCE CUNHAL'S VISIT TO MOSCOW. HE SAID THAT TO BEGIN TRADE WITH SOVIET UNION IT HAD BEEN NECESSARY TO OVERCOME BOTH PORTUGUESE INTERNAL DIFFICULTIES (SPECIFICALLY, FRAGMENTED AND HIGH-COST SECTORS SUCH AS FOR WINE AND SHOES, AND WEAK EXPORTERS' STRUCTURES) AND FACT THAT AS A PLANNED ECONOMY SOVIET UNION HAD ALREADY PROGRAMMED ITS 1975 PURCHASES.

3. DESPITE DIFFICULTIES, ACCORDING TO GROUP, CONTRACTS FOR CONSIDERABLE AMOUNTS OF GOODS UNDER "ADVANTAGEOUS CONDITIONS" HAVE ALREADY BEEN SIGNED, WITH MORE IN PROSPECT. HOWEVER, ACCOUNTS IN DIARIO DE NOTICIAS AND O SECOLO ARE NOT IN AGREEMENT ON GOODS AND AMOUNTS. DIARIO EMPHASIZED SALE OF 155,000 HECTOLITERS OF WINE (AT A PRICE THAT IT "WOULD NOT BE OPPORTUNE AT THE MOMENT TO REVEAL") AND MORE THAN 100,000 PARIS OF SHOES (AT AVERAGE \$12 A PAIR-- A PRICE, IT WAS EMPHASIZED, MUCH HIGHER THAN THE \$2.40 THAT HAD BEEN CLAIMED IN PRESS). CONTRACTS AND NEGOTIATIONS FOR OTHER PRODUCTS IN UNSPECIFIED AMOUNTS ALSO WAS CLAIMED. ACCORDING TO DIARIO, FIRST SOVIET SHIP WITH 15,000 HECTOLITERS OF WINE LEFT FOR LENINGRAD ON APRIL 7, WITH TWO MORE SHIPS SCHEDULED THIS MONTH. MUCH OF REST WILL HAVE TO GO ON PORTUGUESE SHIPS AS SOVIET CAPACITY IS LIMITED.

4. O SECOLO ACCOUNT SOUNDED ALMOST LIKE THE PAPER'S REPORTER ATTENDED DIFFERENT PRESS CONFERENCE. IT FOCUSED ON OVERALL AMOUNT OF \$12 MILLION IN UPCOMING PORTUGUESE EXPORTS, SAID CONTRACT FOR 5,500 TONS OF TOMATO PASTE AT \$640 A TON WAS SIGNED, AND AGREE WITH DIARIO' FIGURE FOR WINE. ARTICLW ENT ON TO CLAIM THAT FURTHER EXPORTS OF 5,500 TONS OF TOMATO PASTE, 250,000 HECTOLITERS OF WINE, 500 TONS OF SHELLLED ALMONDS, AND 1,185 PAIRS OF SHOES ARE FORESEEN. BOTH PAPER MENTIONED LIMITED OFFICIAL USE

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FURTHER EXPORTS, WITH SECOLO PROVIDING SOME FIGURES-- CLOTHING, RAILWAY MATERIAL, TWO MILLION METERS OF CLOTH, PORT WINE, PLASTIC MOLDS, ELECTRIC WIRE, 38,000 METERS OF WOOL CLOTH, AND CORK, AS WELL AS SHIP REPAIR AT LISBON'S LISNAVE SHIPYARD.

5. BOTH ACCOUNTS EMPHASIZED IMPORTANCE OF WINE PURCHASES AT TIME WHEN COUNTRY IS FACED WITH PROBLEM OF DISPOSING OF EXCESS

PRODUCTION FROM 1973 AND 1974 CROP (4 TO 5 MILLION
HECTOLITERS), AND WINE BOARD IS BUYING IT UP FOR UP TO 25 CENTS
A LITER.

6. ACCORDING TO BOTH PAPERS, 19 SOVIET FIRMS WILL BE REPRESENTED AT LISBON INTERNATIONAL FAIR, WHILE PORTUGUESE FISHERIES PRODUCTS FIRMS WILL EXHIBIT AT AUGUST FAIR IN LENINGRAD. SECULO ALSO POINTED TO ALREADY NEGOTIATED SOVIET EXPORTS TO PORTUGAL-PETROLEUM, PINE LUMBER, AND SARDINES.

7. COMMENT: ACCORDING TO OFFICIAL FIGURES, 1974 PRODUCTION OF TOMATO PASTE WAS 130,000 TONS. TOMATO PROCESSORS ASSOCIATION CONFIRMED SALE OF 5,500 TONS OF TOMATO PASTE, BUT SAID PRICE IS BETTER--\$750 A TON--THAN CLAIMED AT PRESS CONFERENCE. ADDITIONAL SALES POSSIBLE BUT NOT FIRM.

8. PORTUGUESE SOURCES TELL US THAT TEXTILE INDUSTRY HAS ALREADY BEEN SOLD 400 TONS OF SOVIT COTTON, AND IS BEING HEAVILY PRESSURED TO TAKE MORE. THEY SAY THAT ALTHOUGH PRICE IS FAIRLY COMPETITIVE, THEY ARE RELUCTANT AS QUALITY IS CONSIDERABLY DIFFERENT FROM MOZAMBICAN COTTON TO WHICH INDUSTRY IS ACCUSTOMED.

9. RUMORS HAVE ABOUNDED IN LISBON DURING RECENT MONTHS ABOUT ROCK-BOTTON PRICES SOVIETS ARE OFFERING FOR PORTUGUESE GOODS. ACCORDING TO CURRENT RUMOR, SOVIETS ARE PAYING 10 CENTS A LITER FOR WINE. WINE BOARD TOLD EMBOFF PRICE IS "CONFIDENTIAL" WHICH WE INTERPRET TO MEAN LOW. RELUCTANCE TO REVEAL PRICE WILL ONLY FEED RUMORS.

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: TRADE AGREEMENTS, PRESS CONFERENCES
Control Number: n/a
Copy: SINGLE
Draft Date: 16 APR 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: MorefiRH
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975LISBON02179
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D750133-0576
From: LISBON
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750447/aaaabrcx.tel
Line Count: 145
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EUR
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: MorefiRH
Review Comment: n/a
Review Content Flags:
Review Date: 18 APR 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <18 APR 2003 by BoyleJA>; APPROVED <21 MAY 2003 by MorefiRH>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
05 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: PORTUGUESE-SOVIET TRADE SUMMARY: PRESS CONFERENCE HELD TO DISPEL DOUBTS AND GIVE
TAGS: EEW, EPAP, PO, UR
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006